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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ROBERT J. SNYDER, ALEX HOLTZ,
DAVID E. BUEHNEMANN, GILBERTO FRES,
HARRISON T. HICKENLOOPER III,
CHARLES M. HOEPPNER, KEVIN K. MORROW,
BRADLEY E. NEIDER, LOREN J. NORDIN III, and
TODD D. PARKER

Appeal 2011-002624
Application 09/488,578¹
Technology Center 2100

Before LANCE LEONARD BARRY, THU A. DANG, and
CAROLYN D. THOMAS, *Administrative Patent Judges*.

THOMAS, *Administrative Patent Judge*.

DECISION ON APPEAL

¹ The real party in interest is Thomson Licensing S.A.

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final decision rejecting claims 1-35, which are all the claims pending in the application. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We REVERSE.

The present invention relates generally to automating the execution of live or live-to-tape video show. *See Spec.*, 1: 14-15.

Claim 1 is illustrative:

1. A method for producing a live or live-to-tape show, comprising the steps of:

(a) enabling creation of an instruction sequence for the show, wherein said instruction sequence defines at least one set of production commands for controlling at least one production device, said at least one set comprising at least one segment file which comprises a group of production commands that, when executed, operates to produce a segment of the show, said at least one-segment file comprising at least one scripted portion that includes at least one command activated during a predetermined interval in a script that undergoes scrolling for display under control of an operator, and at least one non-scripted portion that include at least one command activated independent of the script, said at least one segment having a duration which is defined by execution of said instruction sequence under the control of a human operator; and

(b) executing said at least one set -of production commands to control the least one production device to thereby produce the show.

Appellants appeal the following rejection:

1. Claims 1-35 are rejected under 35 U.S.C. § 102(b) based on a public use or sale of the invention as evidenced by the Alex Holtz declaration.

ANALYSIS

Appellants argue claims 1-35 as a group (App. Br. 12-24). We will, therefore, treat claims 1-35 as standing or falling together. *See* 37 C.F.R. § 41.37(c)(1)(vii). *See also In re Young*, 927 F.2d 588, 590 (Fed. Cir. 1991).

Issue: Did the Examiner err in finding that the claimed invention is barred by public use or sale of the invention?

35 U.S.C. § 102(b) states, in pertinent part, that “[a] person shall be entitled to a patent unless - (b) the invention was ... in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.”

On Sale in this Country

A claimed invention is considered to be on sale within the meaning of 35 U.S.C. § 102(b) when two conditions are met before the critical date (i.e., more than one year prior to the filing date to which the claim is entitled). First, the product must be the subject of a commercial offer for sale. Second, the invention must be ready for patenting. The second condition may be satisfied in at least two ways: by proof of reduction to practice before the critical date or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention. *See Pfaff v. Wells Electronics Inc.*, 119 S.Ct. 304, 311-12 (1998). If, however, the primary purpose underlying an offer for sale is experimental

rather than commercial, then the product is not on sale within the meaning of the statute. See *In re Hamilton*, 882 F.2d 1576, 1579 (Fed. Cir. 1989).

Here, the primary question before us is whether there was any offer for sale, and if so, whether it was for *experimental* or *commercial* purposes?

The Examiner found that “[t]he 9/18/96 Preliminary Sale Manual also proves that list of functions as currently recited in the claims, have been offered to the public.” (Ans. 13.) The Examiner also found that “the 1997 Annual Report, published in 1998, discloses the sale of the CameraManSTUDIO in 1996 and 1997.” (*Id.* at 14.) The Examiner further concluded that “it has been held that experimental use does not include market testing where the inventor is attempting to gauge consumer demand for his claimed invention.” (*Id.*)

Appellants contend that “a proposed price was once again provided to the potential beta site testers to determine pricing acceptability, strategy and value to the customer, but all who asked whether CaneraManSTUDIO was available for purchase were told that it was not for sale at that time.” (App. Br. 15.)

We turn to Appellants’ Declaration for explanations regarding activities prior to the critical date. As expressed in the declaration submitted by Appellants, “[t]he prototype of the CameraManSTUDIO was not offered for sale to anyone or any organization at NAB 97. Again, possible ‘beta’ site testers were sought.” (Declaration, 3, item 8.) In addition, Appellants declaration notes that “[a] number of attendees asked me during NAB 97

whether the product was available for purchase. I told all that asked that neither a production level or beta level system of the CameraManSTUDIO was available at that time.” (*Id.* at item 9, item 13; and item 15.) In other words, while some attendees asked about purchasing the software at the trade shows, Appellants have declared that all such *offers to purchase* were declined as the product was unavailable.

“The first prong of the [*Pfaff*] test involves a determination of whether a commercial offer for sale has occurred, applying traditional contract law principles.” *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1352 (Fed. Cir. 2002) (citing *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040, 1048 (Fed. Cir. 2001) and *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1047 (Fed. Cir. 2001)). Under contract law, an “offer” is indicative of a readiness or willingness to make something available. Here, we find that the Examiner has not provided evidence that an actual *commercial offer for sale* had occurred prior to the critical date, as the owner of the product has declared that all interested potential purchasers were told that both the beta product and a production product were not available. (Declaration, at item 9, item 13; and item 15.) Thus, the Examiner has not shown Appellants’ willingness or readiness to make a commercial offer for sale.

Instead, we find that the Examiner has identified activities which have sparked an interest in purchasing an unfinished beta product. Particularly, it appears that the Examiner has not given much weight to the “beta testing” aspect of Appellants’ activities, which we find exemplifies an experimental environment.

For example, Appellants have declared that the purpose for attending

the various trade shows was to identify possible beta site testers (Declaration, at items 8, 9, 11-13, 15, and 16). Appellants eventually found a beta tester and have declared that “[o]n December 19, 1997 . . . executed a Beta License Agreement . . . A number of critical features and functions of the invention has not been conceived by December 19, 1997” (Declaration, at item 16), “[t]he first beta version of the CameraManSTUDIO was installed in February 1998 . . . The agreement between channel 12 and ParkerVision obligated Channel 12 to . . . provide reports back to ParkerVision regarding the performance of the beta version of CameraManSTUDIO and maintain the beta version of CameraManSTUDIO in secrecy. As a result of this beta testing and reporting requirement, a variety of additional features and functions were added to the beta version” (Declaration, at item 17). While the above-noted “Beta License Agreement” itself can surely be seen as an offer for sale, we find that such activities (e.g., beta testing, providing reports back to Appellants regarding performance, maintaining secrecy, and thereafter adding additional features to the product) suggest an experimental nature surrounding the Beta License Agreement with Channel 12.

Our reviewing court has listed factors which should be considered in connection with the experimental use inquiry: (1) the length of the test period and number of tests as compared with a similar type of test on a similar type of design; (2) whether a user made any payment for the device; (3) whether a user agreed to use secretly; (4) whether records were kept of the progress of the test; and (5) whether persons other than the designer conducted the asserted experiments. *TP Labs., Inc. v. Professional Positioners, Inc.*, 724 F.2d 965, 971, (Fed. Cir.), cert. denied, 469 U.S. 826, 105 (1984).

Here, we have considered many factors including the test period, whether payments were made, the secrecy agreement, the record keeping, and who conducted the experiments, and such factors have lead us to find that the primary purpose and activities leading up to and underlying the Beta Licensing Agreement was experimental rather than commercial, and thus the product was not on sale within the meaning of the statute. Accordingly, for at least the reasons noted above, we reverse the Examiner's finding under the on sale bar.

Public Use

Our reviewing court has established that “[t]he proper test for the public use prong of the [35 U.S.C.] § 102(b) statutory bar is whether the purported use: (1) was *accessible to the public*; or (2) was *commercially exploited*.” (*Invitrogen Corp. v. Biocrest Manufacturing L.P.*, 424 F.3d 1374, 1380 (Fed Cir. 2005) (emphasis added, citations omitted)).

The Examiner found that “[d]isclosed in the declaration are numerous marketing activities by applicants since 1996 which bring the claimed inventions within the scope of a bar to patenting under 35 USC 102(b).” (Ans. 3.)

Appellants contend “the purpose of demonstrating the product at this tradeshow was once again to identify candidates willing to test a beta version of the product.” (App. Br. 15.)

According to Appellants, the preliminary product was demonstrated at the tradeshow in order to find beta site testers (*id.*). In order to determine

whether an invention was in public use within the meaning of section 102(b), a court must consider how the totality of the circumstances of the case comports with the policies underlying the public use bar. *Manville Sales Corp., v. Paramount Sys., Inc.*, 917 F.2d 544, 549 (Fed. Cir. 1990). Evidence of experimentation is part of the totality of the circumstances considered in a public use inquiry. “[E]xperimentation directed to functional features of a product . . . may negate what otherwise would be considered a public use within the meaning of section 102(b)” *Tone Brothers, Inc. v. Sysco Corp.*, 28 F.3d 1192, 1200 (Fed. Cir. 1994).

It is worth emphasizing that the alleged public activities took place at various tradeshows. Exhibition at a trade show has been deemed to be for exploitative purposes that are commercial by nature. *Tone Bros.*, 28 F.3d at 1199. Testing the market is indicative of commercial exploitation. *In re TP Lab.*, 724 F.2d at 972. However, evidence of experimentation is part of the totality of the circumstances considered in a public use inquiry. *Tone Bros.*, 28 F.3d at 1198. Here, we shall look at the totality of the circumstances surrounding Appellants’ activities.

When a *prima facie* case of public use is made by the Examiner, the burden shifts to Appellants to come forward with evidence establishing the opposite. Inasmuch as Appellants have admitted that they demonstrated an early prototype of ParkerVision’s CameraManSTUDIO product at a tradeshow (Declaration, items 5 and 7), Appellants has the burden of establishing by evidence that this was not a public use of the claimed invention within the meaning of 102(b).

For starters, Appellants have declared that “[t]he prototype was a computer platform and display that demonstrated to attendees some

speculative features and functions . . . of an anticipated CameraManSTUDIO product. The prototype did not include the vast majority of source code . . .” (Declaration, item 7). Appellants further declared that “‘beta’ site testers were sought at NAB 97 to determine whether a product such as CameraManSTUDIO would be operable in a real-time studio environment once a ‘beta’ version was available” (*id.* at 8 and 13) and “a database of beta site candidates” was accumulated at the tradeshow (*id.* at 9). Appellants further declared that “[t]he purpose of these meetings was to get feedback regarding the viability of the CameraManSTUDIO product in the marketplace” (*id.* at 11). Also worth noting is that Appellants declared that “[a]t Telecon 97, a marketing document . . . was distributed” (*id.* at 14).

We find that it is incumbent upon us to look at the totality of the circumstances surrounding Appellants activities at the tradeshow. The fact that there was experimentation occurring (i.e., beta testing) is relevant to the question of whether the activities of the inventor were at odds with any of the policies underlying the public use bar. The inquiry is – was there a public use within the meaning of section 102(b). *Tone Brothers*, 28 F.3d at 1198. In this case, we think not.

In essence, Appellants have declared that the early stage prototype demonstrations at the tradeshow were for the purpose of testing (*beta testing*) the functional features and its applicability to real-time environments because, as noted *supra*, feedback was solicited from attendees and the inventors continued to develop the product as additional features and functions were added to the product at each subsequent tradeshow. This indicates to us that the product was not set in stone. While there was also documentation distributed at the tradeshow, the totality of

the circumstances suggests that such documentation was also used to solicit “beta testers” as opposed to soliciting purchase orders. While a tradeshow, by its nature, is a vehicle for promoting sales of a product, here it appears that Appellants had a bona fide experimental purpose as Appellants tradeshow activities culminated with an advanced beta version of the product being licensed to the Rainbow Media Group under a secrecy order including testing and reporting back performance issues (Declaration at 16). We find that the Examiner has not shown that Appellants’ activities were merely an attempt to gauge consumer demand for their product, or experimentation to determine product acceptance, or testing an invention for the benefit of appeasing a customer, or to conduct minor tune up procedures (*see* Ans. 8 and 14). Appellants have declared that beta site testers were sought and feedback was gathered in order to make changes and modifications prior to making CameraManSTUDIO a product ready for “Beta” release (Declaration, item 6).

Viewing Appellants’ Declaration in light most favorable to Appellants, there is considerable evidence on the basis of which it could be concluded that the tradeshow activities did not amount to a public use within the meaning of 102(b). Accordingly, for at least the reason noted above, we reverse the Examiner’s finding under the public use bar.

DECISION

We reverse the Examiner’s 35 U.S.C. § 102 rejection.

REVERSED

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